

## **Guidelines for FY 2003/04 Vehicle Incentive Program**

**Available Funds:** A total of \$800,000 in Transportation Fund for Clean Air (TFCA) funds is available for the FY 2003/04 Vehicle Incentive Program (VIP) program.

### **Eligible Applicants:**

- Public agencies located within the jurisdiction of the Bay Area Air Quality Management District (Air District) are eligible to apply for VIP incentives.
- State and federal agencies that are subject to EPACT (the federal Energy Policy Act of 1992) alternative fuel vehicle requirements are not eligible for VIP funds.
- A public agency may apply for VIP incentives on behalf of a non-public entity (i.e., a private or non-profit fleet) subject to the conditions defined in TFCA Policy # 5 (see Attachment A).

### **Maximum Request:**

- Each eligible agency may request up to \$100,000 in VIP incentives.
- Agencies that apply for incentives for their own fleet, as well as on behalf of qualified third-party fleets (taxis, shuttles, etc.) pursuant to TFCA Policy # 5, may apply for up to \$150,000 in VIP incentives.
- If VIP incentives remain available as of March 1, 2004, then agencies that have applied for and received the maximum grant award may request VIP incentives for additional vehicles.

**Eligible vehicles:** Vehicles must meet the following eligibility criteria:

- 1) Vehicles must be new vehicles with a gross vehicle weight of 10,000 pounds or less.
- 2) Vehicles must be powered by natural gas, propane, hydrogen, electricity, or hybrid electric. Except for hybrid electrics, vehicles with the ability to run on gasoline or diesel as their primary fuel are not eligible.
- 3) Vehicles must be certified by the California Air Resources Board (CARB) to the Ultra Low Emission Vehicle II (ULEV II), Super Ultra Low Emission Vehicle (SULEV), or Zero Emission Vehicle (ZEV) emission standards.
- 4) Vehicles must be operated in the Bay Area for the duration of their useful life (or lease term), and at least 75% of the miles driven must be within the boundaries of the Air District.
- 5) The purchase or lease order for the vehicle must be issued July 1, 2003 or later.

Note: Incentives for ULEV II-rated vehicles are available only for high-mileage fleets. The applicant must complete Part B-2 of the VIP Application Form and submit documentation to show that the vehicles will be driven 50,000 miles or more per year.

A list of eligible vehicles is provided in Table 1. This list includes natural gas, propane, electric, and hybrid electric vehicles on the list of CARB-certified clean air vehicles. See [www.arb.ca.gov](http://www.arb.ca.gov) and click on "Cleaner Cars Buyer's Guide" on the right hand side navigation. As new alternative fuel vehicles are added to the CARB list, they become eligible for the VIP program. (Inclusion on the CARB list does not guarantee that these vehicles are available.)

**Incentive amounts:** The incentive amounts for the FY 2003/04 VIP program are as follows:

<b>CARB Emissions Rating</b>	<b>Fuel Type</b>	<b>Incentive Amount</b>
Ultra Low Emission II (ULEV II)	Natural Gas / Propane	\$2,000 per vehicle
Super Ultra Low Emission (SULEV)	Hybrid electric	\$2,000 per vehicle
Super Ultra Low Emission (SULEV)	Natural Gas / Propane	\$4,000 per vehicle
Freeway Zero Emission (ZEV)	Battery electric	\$5,000 per vehicle
City Zero Emission (ZEV)	Battery electric	\$3,000 per vehicle
Neighborhood Zero Emission (NZEV)	Battery electric	\$1,000 per vehicle
3-wheel Zero Emissions (ZEV)	Battery electric	\$1,000 per vehicle

Notes:

- Incentives for ULEV II vehicles are available for high-mileage vehicles only: i.e., vehicles that will be driven 50,000 miles per year or more.
- The SULEV incentive amounts also apply to vehicles that are certified to the PZEV (Partial Zero Emission Vehicle) or AT-PZEV (Advanced Technology-Partial Zero Emission Vehicle) standards.
- If the sponsor elects to lease a vehicle that is available for purchase, then the VIP incentive amount will be prorated based on the length of the lease compared to the expected useful life of the vehicle.

**Incentives for Battery Electric Vehicles:** The CARB provides incentives for some types of battery electric vehicles. For information on the CARB ZEV incentive program, see [www.zevinfo.com](http://www.zevinfo.com). The Air District will not accept VIP applications for battery electric vehicles that are eligible for the CARB ZEV incentive program. The Air District will provide VIP incentives for electric vehicles that are not eligible for CARB ZEV incentive (i.e., neighborhood electric vehicles and three-wheel electric vehicles). Also, public agencies may request VIP funds to extend the lease for an existing electric vehicle when the lease is due to expire (renewal of electric vehicle leases is not covered by the CARB ZEV incentive program).

**Submittal of applications:** The VIP Application Form is available at [www.baaqmd.gov](http://www.baaqmd.gov). Questions regarding the VIP program should be directed to David Burch at [dburch@baaqmd.gov](mailto:dburch@baaqmd.gov) or 415-749-4641.

Applications will be funded on a first-come, first-served basis. The Air District will begin accepting applications at 8:30 am on Tuesday, September 16. All applications received by 5:00 p.m. on September 16, 2003 will be treated as "Day 1" applications. If the incentives requested on Day 1 exceed the available funds, then incentives will be offered to all applicants, but incentives for applicants requesting \$25,000 or more will be provided on a pro-rated basis. If there are remaining funds available after the Day 1 applications are considered, then Day 2 applications will be eligible for funding, and so forth until funds are exhausted.

**Summary of VIP Process:**

1. The Air District receives and reviews application; issues VIP voucher (if funds are available).
2. Applicant has 90 days from date of VIP voucher in which to issue purchase or lease order for the vehicles. (If applicant fails to submit copy of the purchase order (PO) to the Air District within 90 days, the Air District cancels the voucher.)
3. Upon receipt of purchase or lease order, the Air District issues confirmation letter, and provides 180 days for applicant to take delivery of the vehicle(s). (The Air District may grant an extension to the 180-day delivery period, as warranted.)
4. Applicant submits VIP Payment Request Form after taking delivery of all of the vehicles covered by the VIP voucher.
5. The Air District issues payment.

**Special Notes:**

- A resolution from the governing board (e.g., city council) is not required for VIP applications.
- Applicants are not required to remove, scrap, or sell existing vehicles in their fleets as a condition of receiving VIP incentives. (The Air District does have a vehicle replacement policy that applies to heavy-duty vehicle projects, but this policy does not apply to light-duty vehicles covered by the VIP program.)
- The Air District will not award VIP incentives for any vehicle that has received TFCA County Program Manager (40%) funds.

**Table 1****Model Year 2003 CARB-Certified Alternative Fuel Clean Air Vehicles**

Fuel Type	CARB Certification	Make	Model	Engine Family Number	VIP \$\$ Incentive
CNG	<b>ULEV II</b>	Ford	Crown Victoria 4.6 L	3FMXV04.6VP5	\$2,000
CNG	<b>SULEV</b>	Chrysler / Dodge	Ram Van and Wagon 2500 and 3500	3CRXT05.26RC	\$4,000
CNG	<b>SULEV</b>	Ford	F-150 Pick-up 5.4 L	3FMXT05.4RP5	\$4,000
CNG	<b>SULEV</b>	Ford	E-250 & E-350 Van 5.4 L	3FMXT05.4RP5	\$4,000
CNG	<b>AT-PZEV</b>	Honda	Civic GX 1.7 L	3HNXV01.73W3	\$4,000
Hybrid EV	<b>AT-PZEV</b>	Honda	Civic hybrid	3HNXV01.36CV	\$2,000
Hybrid EV	<b>SULEV</b>	Honda	Insight	3HNXV01.0PCE	\$2,000
Hybrid EV	<b>SULEV</b>	Toyota	Prius 1.5 L	3TYXVO1.5LH1	\$2,000
EV	<b>N-ZEV</b>	Bombardier	Sport-E & Class-E		\$1,000
EV	<b>N-ZEV</b>	Global Electric Motors	GEM E580 & E825		\$1,000

Fuel type: LPG = Propane    CNG = Compressed Natural Gas    EV = Electric Vehicle

Note: As new alternative fuel vehicles are added to the CARB list, they will become eligible for the VIP program.

## **Attachment A: Applying for VIP Incentives on Behalf of a Non-Public Entity**

The Air District has defined in TFCA Policy #5 the conditions whereby a public agency may apply for clean vehicle incentives on behalf of a non-public entity.

### **TFCA Policy #5**

**Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity when one or more of the following conditions are met:

1. the non-public entity will use the vehicle(s) to provide, under permit or contract, an essential public service that would otherwise be provided directly by the public agency (e.g., refuse collection, street-cleaning, school bus service, etc.), or
2. the non-public entity will use the vehicle(s) to provide to the general public, under permit or contract, transportation demand management services (e.g., vanpools, shuttles to transit stations, door-to-door airport shuttles, taxi services, etc.) or services that provide members of the public with an opportunity to use electric vehicles, e.g., through station car projects, car rental services, or car-sharing programs.

As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s). In those situations where multiple non-public entities are under contract or permit to provide the service described in 1 or 2 above, the public agency must provide a written policy which demonstrates that the vehicle incentive funds will be offered on an equitable basis to all the non-public entities which are providing the service.

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**Responsibilities of Public Agency:** To apply for VIP incentives on behalf of a non-public entity, the public agency must agree to assume the following responsibilities:

1. To develop a policy to ensure that all eligible fleets are provided equitable access to the funds, prior to submitting a VIP application.
2. To ensure that the non-public entity operates the vehicle in accordance with the VIP Guidelines, and that the vehicle is garaged and operated within the boundaries of the Air District for the duration of its useful life (or lease period).
3. To transmit the incentive funds to the non-public fleet and to provide documentation of said payment to the Air District.
4. To provide prompt notification to the Air District if the non-public entity fails to operate the vehicle(s) according to the terms of the grant.
5. To ensure that each fleet operator provides data to document the mileage driven per vehicle during the first year in service. (This applies only in the case of ULEV II-rated vehicles. Incentives for ULEV II vehicles are only available for high mileage vehicles that are driven 50,000 miles or more per year).